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TO: R. Mikulay DATE: May 16, 1991

FROM: A. Sinha

SUBJECT: Bristol Distribution Expansion Recommendation

The increasingly competitive nature of the sub-generic category necessitates a review of Bristol distribution and a specific action plan for the balance of 1991. Our recommended distribution objective for the brand must meet the following criteria in order to be actionable.

1. It must be consistent with our strategy of ensuring Bristol's competitiveness, while not fueling the growth of the segment.

2. It must be quantifiable at the lowest possible trade class and geographic measure.

3. It must be communicated to Field Sales and the appropriate PM personnel must be held accountable for meeting specific distribution targets.

Situation Analysis

Our current limited distribution strategy has been efficient thus far by:

- Enabling Bristol to achieve sales/share leadership with limited distribution even relative to competitive sub-generics and

- Allowing us to focus our resources. Consequently, Bristol has been able to achieve its share performance with modest DME (there is a sizable fixed cost in achieving initial distribution).

Since we are not fundamentally changing Bristol's strategic role, our expansion of distribution should be viewed as an adjustment, rather than a traditional "drive" with near full distribution as an objective. Our rationale for the gradual expansion at this time is fourfold.

1. Bristol's overall distribution has fallen significantly behind Montclair and Raleigh Extra.

2. Distribution in some specific geographies and trade classes is dramatically low. Indeed, the brand is, for all practical purposes, not available in California.

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Source: https://www.industrydocuments.ucsf.edu/docs/tthm0004

3. The repositioning of Magna and Sterling, notwithstanding past performance, is potentially a severe threat to Bristol given these brands' current distribution profiles.

4. The continuing shift in sub-generic performance from carton to packs as C-stores find the delivery of EDLP offers, versus couponed/sticker reduction, more attractive.

In evaluating Bristol distribution, for the purposes of this analysis and plan, sub-generics will be divided into two segments:

- Traditional sub-generics consisting of Brands launched as sub-generics, Raleigh Extra, Pyramid, Montclair, Misty, Bull Durham and Bristol.

- Repositioned sub-generics consisting of Brands in distribution that have reduced prices to the sub-generic price point, i.e., Magna, Sterling and potentially others.

Distribution Objective/Action Plan

Out distribution objective is to increase Bristol to a level equal to, or greater than that of any traditional sub-generic applying a same store strategy. Specific distribution targets have been established by section and trade class at the lowest measure possible (see attachments I and II).

Significance: Bristol will be positioned between the cluster of traditional sub-generics and repositioned sub-generics from a distribution perspective. We will therefore be able to respond to repositioned brands quickly should they pursue an aggressive strategy. Meeting the attached objectives will increase Bristol's distribution 16 points or 33%.

Timing: Field sales will begin the expansion on July 1, to be completed no later than September 30.

Communication: Coincident with the delivery of 2nd quarter price reduction budgets, each section will receive distribution objectives. To the extent that the competitive environment changes, distribution targets will be changed and communicated with 4th quarter budgets.

Unit Implications: We believe that Bristol requires this expansion in distribution to meet forecast (1st RF).

Costs: Costs are attached (attachment III) however, the expansion will be funded under the first revised 1991 budget (including Bristol Lowest funding).

If you have any questions, please call.

cc: A. Goldfarb
A. MacRae
M. Mahan

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Source: https://www.industrydocuments.ucsf.edu/docs/tthm0004

ATTACHMENT I

TARGET DISTRIBUTION BY TRADE CLASS

TRADE CLASS/ AREA	BRISTOL DISTRIBUTION	TARGET	DIFF
FOOD CONVENIENCE			
REGION 1	12	25	13
REGION 2	20	50	30
REGION 3	53	53	0
REGION 4	20	47	27
REGION 5	17	59	42
GAS CONVENIENCE			
REGION 1	26	26	0
REGION 2	34	57	23
REGION 3	44	44	0
REGION 4	43	56	13
REGION 5	5	22	17
DRUG CHAINS			
REGION 1	39	44	5
REGION 2	24	45	21
REGION 3	29	47	18
REGION 4	33	62	29
REGION 5	2	26	24
DRUG INDEPENDENTS			
REGION 1	8	28	20
REGION 2	9	10	1
REGION 3	31	31	0
REGION 4	28	42	14
REGION 5	0	11	11
CHAIN SUPERMARKETS			
REGION 1	18	27	9
REGION 2	19	42	23
REGION 3	46	60	14
REGION 4	37	53	16
REGION 5	4	42	38
IND. SUPERMARKETS			
REGION 1	21	43	22
REGION 2	63	69	6
REGION 3	80	80	0
REGION 4	64	79	15
REGION 5	16	65	49
GROCERY			
REGION 1	15	26	11
REGION 2	32	45	13
REGION 3	59	59	0
REGION 4	31	43	12
REGION 5	3	29	26

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ATTACHMENT II

TARGET DISTRIBUTION BY SECTION

Section	Bristol Distribution	Target	Difference
11	22	38	14
12	15	47	32
13	35	43	8
14	2	6	4
15	7	20	13
16	26	34	12
21	15	43	28
22	35	54	19
23	47	69	27
24	25	44	19
25	36	74	38
26	9	30	21
31	65	70	5
32	64	64	0
33	46	49	3
34	56	66	10
35	37	39	2
36	57	57	0
41	12	49	37
42	53	57	4
43	41	57	16
44	61	67	6
45	26	52	26
46	29	57	28
51	10	58	48
52	1	33	32
53	1	28	27
54	35	38	3
55	0	25	25

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ATTACHMENT III

Cost

Item	Cost	
Intro/Gratis	0.4MM	38,400 stores in SPACE with 10% gratis
B1G1F	1.9	Average 50 deals/store
$1.00 Price Reduction	0.5	20% volume promoted
Total	2.8MM	

This reflects the total cost for Bristol distribution expansion, other costs involved such as POS, etc., will be funded from the new campaign launch budget. We believe cost of expansion can be funded from the existing Bristol 1st revised budget -- Bristol and "Lowest" national budget combined.

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